World Production and Trade

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup
WR 44-84
Oct. 31, 1984

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

The EUROPEAN COMMUNITY's (EC) export authorizations for barley now total 2.9 million tons for the 1984/85 marketing year, compared with only 465,000 tons authorized as of mid-October last year. USDA estimates the EC's 1984/85 barley harvest at a record 43.4 million tons, some 20 percent higher than last year's drought-reduced harvest.

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EUROPEAN COMMUNITY wheat exporters reportedly have sold 1.6 million tons of wheat for export without first obtaining export authorizations or restitutions (subsidies) from the EC Commission. However, the EC Commission has refused all offers for export at its weekly tender for the past four weeks, evidently because restitution requests were too high. Even with that four-week hiatus, export authorizations are still 5 percent ahead of last year's pace when the Community exported a record 16 million tons of wheat.

USDA estimates the EC's 1984/85 wheat production at a record 74.2 million tons, compared with last year's harvest of about 59 million tons.

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SRI LANKA's 1984/85 rice production is forecast at 1.54 million tons (milled basis), up slightly from the earlier forecast but down 9 percent from last season's record 1.69-million-ton harvest, according to the U.S. agricultural counselor in New Delhi. The main season, "maha" rice crop, which was harvested earlier in the year, is estimated at 947,000 tons, down 22 percent from last year's 1.22-million-ton harvest. The decline in the maha crop was primarily due to excessive rains and flooding during the growing season. However, the dry season "yala" rice crop, which is now being harvested, is expected to be at a record level. The increase in yala output is attributed to favorable weather, adequate water supplies, and an expansion in area.

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OILSEEDS AND PRODUCTS

In SPAIN, new vegetable oil regulations for 1984/85 were announced that will link government purchases of olive oil to a producer obligation to store the same amount of oil that is sold to the Farm Commodity and Price Stabilization Agency (FORPPA). This program transfers part of the costs for holding present inventories to the private sector, reducing the burden on the government. When the average market price falls below a target level, olive crushing plants and farming organizations can receive a subsidized loan from the National Farm Commodity Service (SENPA) to store their olive oil. Any unauthorized release of oil under these contracts would terminate the contract and result in exclusion from government assistance programs during 1984/85 and the following three marketing years.

Ending stocks for Spanish olive oil are forecast to be 220,000 tons in 1983/84, and are expected to rise to 253,000 tons in 1984/85. The U.S. agricultural counselor in Madrid also reported a tendency to replace soybean oil with olive oil in the canning industry, which uses around 30,000 to 40,000 tons of soybean oil.

DAIRY, LIVESTOCK AND POULTRY

Trade sources indicate that THAILAND's poultry exports will rebound from 22,926 tons in 1983 to 35,000 tons in 1984. Preliminary reports indicate that poultry meat exports during the first half of 1984 were 15,641 tons, an increase of 37 percent from the same period in 1983. In the past, Japan has been the major market for Thai poultry shipments, taking 20,000 tons in 1983 and nearly 32,000 in 1982.

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BRAZIL recently negotiated a sale of 120,000 tons of chicken meat worth $150 million to Iraq for delivery this year. Brazil exported 65,300 tons (valued at $54,191 f.o.b.) of chicken meat to Iraq in 1983 and 115,300 tons (valued at $106,843) in 1982. Brazil's latest trade statistics indicate that 1984 export prices have returned to the level of 1982 f.o.b. prices, which were around $926 per ton, versus the 1983 f.o.b. price of $830 per ton. The U.S. f.o.b. broiler price is around $1,300 per ton; the United States has not exported poultry meat to Iraq since 1981 when roughly 32,000 tons of broilers were sold.

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At its last tender, JAPAN's Livestock Industry Promotion Corporation (LIPC) included three new categories of grain-fed beef cuts that were sought by Australia in the recent Japanese-Australian beef negotiations. Australia in the past has had only limited opportunities to compete for the supply of grain-fed cuts, as it did not have a large domestic market to absorb those cuts not requested. So far this year, the United States has supplied 16,133 tons of the 16,608 tons of grain-fed beef purchased by LIPC, while Australia has provided 306 tons and Canada 115 tons.

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The EUROPEAN COMMUNITY's surplus butter stocks have grown sharply during the past year and on September 27 amounted to 1,258,000 tons. The EC Commission is taking two major initiatives to reduce these stocks. First, it will launch a Christmas butter scheme for the end of the year. A subsidized sale of 200,000 tons of butter at one half the intervention (support) price of $2,370 per ton will be made to EC consumers. Second, the Commission will allow exporters who can handle 50,000-ton sales of butter to the Soviet Union or the Middle East at world market levels (currently around $1,250 per ton), to buy an equivalent quantity of old butter at special low prices on condition that it be exported to the same destination.

Through these measures, the EC plans to dispose of 100,000 tons of old butter and 100,000 tons of current butter production. There is particular concern among several of the world's leading dairy exporters that this second scheme violates the minimum export price provision under the International Dairy Arrangement of the General Agreement on Tariffs and Trade. The minimum sales price is presently $1,200 per ton.

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Milk production in DENMARK is forecast at 5.2 million tons in 1984, 4 percent below the 1983 level, according to the U.S. agricultural counselor in Copenhagen. Since the beginning of the year, Danish farmers have culled their dairy herds and have reduced concentrate feeding in order to meet the provisions of the new EC dairy quota system. Currently, production is running nearly 5 percent below quota levels with the result that it is very unlikely Danish farmers will have to pay the super levy for over-quota production.

Strong exports have stimulated cheese production, which is expected to total 293,000 tons in 1984, 18 percent above 1983, according to the agricultural counselor. With less milk being produced and more being used for cheese production, butter production is expected to fall to 101,000 tons in 1984, more than 20 percent below 1983.

FRUITS AND NUTS

Output of dried prunes by the three leading producers in the NORTHERN HEMISPHERE is forecast at 184,000 tons in 1984, slightly below the combined 1983 volume. Above-average yields this season are expected to boost France's dried prune production by 39 percent. Output is currently estimated at 35,000 tons, just short of the record outturn in 1982. Production will be down in both the United States and Yugoslavia. Despite the smaller volume, U.S. dried prunes are exhibiting excellent color and skin texture. Sizes are above normal and the sugar content is the highest in recent years due to the unusually hot summer weather. Production in Yugoslavia is expected to decline for the second consecutive year. The reduction this season is due to a sizable shortfall in fresh plum output caused by cool, rainy weather last spring and a prolonged summer drought in the southern and eastern growing regions. Dried prune production in selected countries is as follows in 1,000 tons:

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	1982	1983	1984 1/
France	35.6	25.2	35.0
Yugoslavia	31.0	29.1	22.0
United States	114.3	131.5	127.0
Total	180.9	185.8	184.0

1/ Preliminary.

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Raisin/sultana production in SELECTED COUNTRIES of the NORTHERN HEMISPHERE is estimated at 466,900 tons for 1984, 18 percent below the record 1983 volume. Even though crop projections are lower for all reporting countries, the United States is expected to produce a bumper crop, the second largest on record.

Weather conditions were a significant factor in output levels this season. In Greece, strong winds severely damaged blossoms, sharply lowering both quality and volume of the sultana crop. A poor fruit set, followed by spring frosts and heavy localized rain and hailstorms, precipitated a 10-percent shortfall in Turkish production. Wide fluctuations in day and night temperatures compounded the problem, causing a nonuniform, mixed-quality crop. Mexican output is also forecast to decline following a second consecutive year of heavy rains during the critical harvest and drying period. Raisin production in selected countries is as follows in 1,000 tons:

	1982	1983	1984 1/
Greece	75.0	103.0	75.0
Mexico	16.0	9.1	6.9
Turkey	95.0	100.0	90.0
United States	267.9	360.0	295.0
Total	453.9	572.1	466.9

1/ Preliminary.

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WOOD AND WOOD PRODUCTS

A slightly pessimistic outlook for EUROPEAN wood product imports in 1985 prevailed during the recently concluded Economic Commission for Europe, Timber Committee meeting, held annually in Geneva, Switzerland. Delegates to the meeting cited the effects of a strong dollar and abundant supplies and stocks as the principal reasons for a projected decline in European imports during 1984. Increases were projected for hardwood lumber and plywood imports in 1985. European imports of softwood lumber are expected to decline by 2 percent during 1984, and by 6 percent during 1985. Imports of various wood products, as calculated by the Timber Committee from information supplied by the delegates, is as follows in 1,000 cubic meters:

	1983	1984 1/	1985 1/
Softwood lumber	26,525	26,011	25,848
Hardwood lumber	5,456	5,195	5,317
Plywood	3,188	3,047	3,110
Particle board	4,591	4,649	4,505
Hardboard	866	904	914
Insulation board	443	443	444
Total	44,257	43,296	43,248

1/ Projected.

The declining softwood imports are in part a result of a slower than expected recovery in European economies and increased harvesting in Europe of softwood timber damaged by storms or air pollution.

Selected International Prices

Item	Oct. 30, 1984		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	190.00	5.17	+.50	206.00
U.S. No. 2 DNS/NS: 14%....	173.00	4.71	0	186.50
U.S. No. 2 S.R.W. 9/......	163.75	4.46	+1.00	159.00
U.S. No. 3 H.A.D..........	189.00	5.14	-1.00	203.00
Canadian No. 1 A: Durum...	206.00	5.61	-1.00	218.50
Feed grains:				
U.S. No. 3 Yellow Corn....	132.50	3.37	-.50	160.50
Soybeans and meal:				
U.S. No. 2 Yellow.........	248.00	6.75	-3.00	321.75
Brazil 47/48% SoyaPellets 4/	189.00	--	0	287.00
U.S. 44% Soybean Meal....	168.50	--	-5.50	262.00
U.S. FARM PRICES 3/				
Wheat....................	127.49	3.47	+1.10	129.69
Barley...................	84.05	1.83	-.92	100.13
Corn.....................	103.94	2.64	-1.97	130.31
Sorghum..................	92.59	4.20 6/	+1.22	113.98
Broilers 4/..............	1052.26	--	+10.14	1177.26
EC IMPORT LEVIES				
Wheat 5/.................	44.35	1.21	+.95	75.40
Barley...................	50.90	1.11	+5.10	53.30
Corn.....................	46.15	1.17	+4.85	45.80
Sorghum..................	63.00	1.60	+4.15	63.40
Broilers 4/ 6/ 8/.........	162.00	--	N.Q.	250.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	140.05	3.81	+2.40	168.50
Bread wheat (min. quality)7/	149.45	4.07	+2.55	184.95
Barley and all other feed grains.......	140.05	--	+2.40	168.50
Broilers 4/ 6/............	1174.00	--	N.Q.	1173.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	39.90
Barley....................	N.A.	--	--	24.90
Broilers 4/ 6/ 8/.........	96.00	--	N.Q.	171.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ December delivery. N.A.=None authorized. N.Q.=Not quoted. Note: Basis November delivery.

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